

Building the Momentum For Change



Planning Committee
November 14, 2008

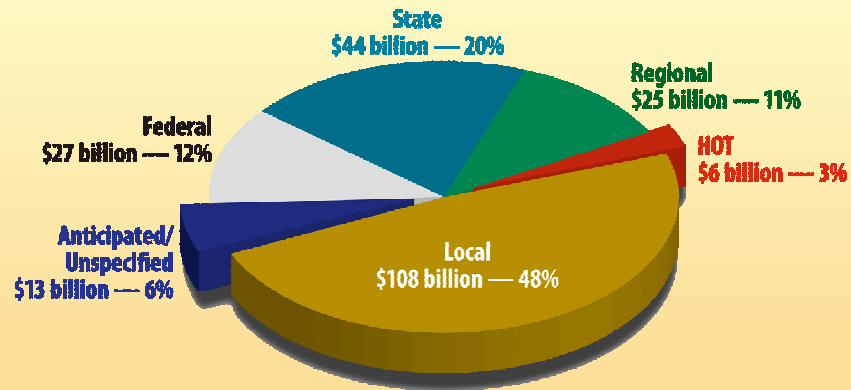


***“Change is
inevitable in a
progressive country.
Change is constant.”***

- Benjamin Disraeli

Change is Confident

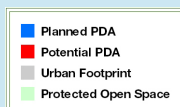
Financial Outlook Includes Anticipated/Unspecified and HOT Revenues



3

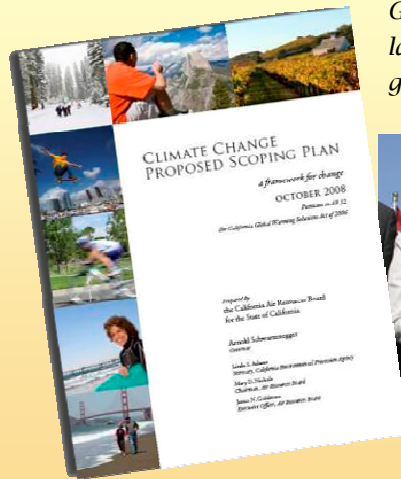
Change is Inevitable

Communities volunteer certain areas as FOCUS Priority Development Areas



4

Change is Required



Gov. Schwarzenegger signs landmark legislation to reduce greenhouse gas emissions



5

Change is Unpredictable

San Francisco Chronicle
FRIDAY, OCTOBER 10, 2008

OPEC to discuss global crisis, crude prices
Stevenson Jacobs, Associated Press

OPEC said Thursday it will hold an extraordinary meeting Nov. 18 to discuss the global financial crisis and the impact on oil prices.

San Jose Mercury News
TUESDAY, MARCH 4, 2008

Gas prices set records in California; oil hits all-time high

By Gary Richards

From San Francisco to San Jose to San Luis Obispo to San Diego, single-day gas price records tumbled across the state again today — and the nation appears next.

The ongoing slump comes months before the peak driving season, and just as crude oil hit its highest price ever — even triggering the inflation — at \$103.26 a barrel on Monday.

The statewide average for a gallon of self-service unleaded hit \$4.49, eclipsing the single-day mark of \$3.93 set last May, according to the state auto club. The South Bay area set a \$4.79, another record.

And San Francisco, hitting a new high at \$3.64, led 10 of two dozen cities surveyed by AAA in setting new marks either Monday or today.

Crude oil "is not as affordable as it used to be by summer's end."

The U.S. average at \$3.186 is six cents shy of an all-time nationwide mark, set in 2007.

Today's gas prices are around 60 cents higher than last year. And oil prices haven't been this high, relatively, since 1980. Some analysts, however, predict oil will fall to \$70 a barrel as supplies grow and demand eases amid a bad economy. But others say oil could rise to \$125 a barrel as financial managers, troubled by the weak dollar, send money into oil markets from overseas.

So which is it? Up or down? Who knows, says Tom Robinson of Robinson Oil, operator of the Bitter, Bitter, Bitter — B. (B.B.B.) station.

Los Angeles Times
TUESDAY, JULY 8, 2008

Gas prices rise to another record high

Ronald D. White

The average U.S. pump price reaches \$4.114 a gallon, up 1.9 cents from last week. In California, the price drops 2.3 cents to \$4.550.

The average U.S. pump price hit another record today, reaching \$4.114 for a gallon of self-service regular gasoline, up 1.9 cents from June 30, according to the Energy Department's weekly survey of filling stations.

California, where motorists are driving a lot less these days, continued to be the biggest counterweight, falling 2.3 cents to \$4.550 a gallon.

Oil dropped because the dollar showed new strength against other currencies, the rhetoric on Iran's nuclear program cooled and the first round of the Atlantic season turned north and appeared likely to miss the U.S. East Coast entirely. That shattered what one analyst called the "weekend work premium."

Crude oil for August delivery fell \$3.02 to close at \$141.37 a barrel today on the New York Mercantile

But analysts warned that the down day may mean the end of the oil price

"In the old days, this would have been a drop of about a dollar or less. With these bigger numbers on oil, it just looks like a large pullback," said Tom Kloza, chief oil analyst for the Oil Price Information Service, a market-tracking company in Wall, N.J.

"We might drill a little lower this week, but we'll be higher a month from now and oil will be above \$150 before the end of the year," Kloza said.

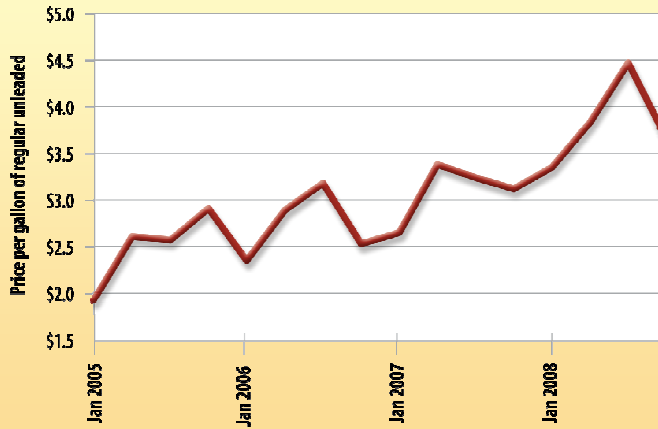
Drivers, meanwhile, continue to look for new ways to cope.

San Jose resident Mike Atkins, 50, loves his 1984 Volkswagen GTI so much that he put the letters "GTI" in his e-mail address. Atkins, who is out of work, hasn't driven the car in more than a month.

6

Change is Unpredictable

Average Gasoline Prices, San Francisco, 2005 – 2008



Source: U.S. Department of Energy



7

Change is All of Us



8

Defining the Vision

GOALS

Economy

Environment

Equity

- REDUCE CONGESTION
- IMPROVE MAINTENANCE & SAFETY

TARGETS

REDUCE EMISSIONS & VMT

IMPROVE AFFORDABILITY

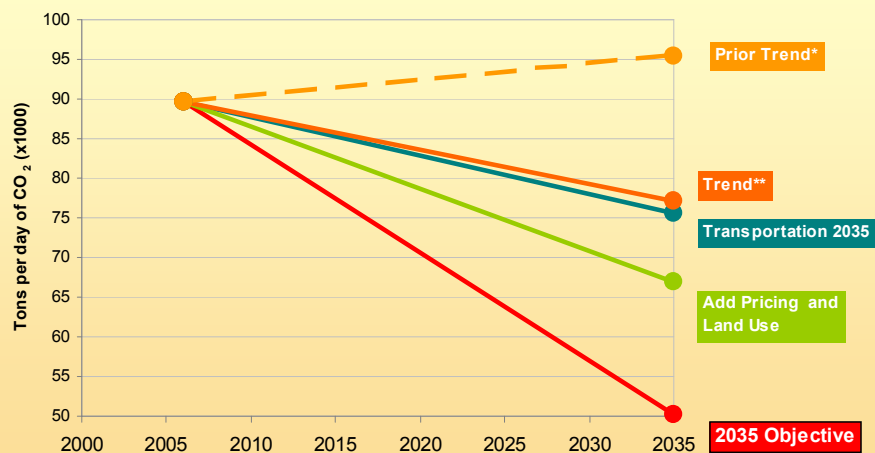
STRATEGIES

Infrastructure

Pricing & Focused Growth

Assessing the Difference

Reduce CO₂ 40% below 1990 levels

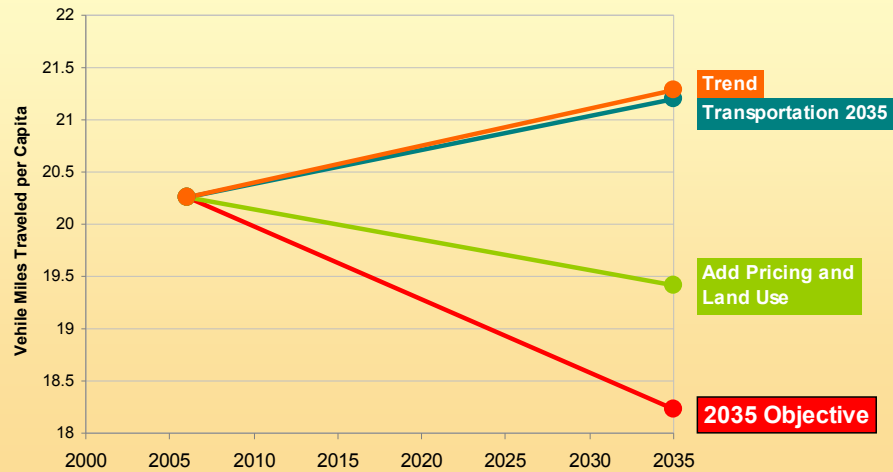


* Assumes lower fuel economy

** Assumes higher fuel economy

Assessing the Difference

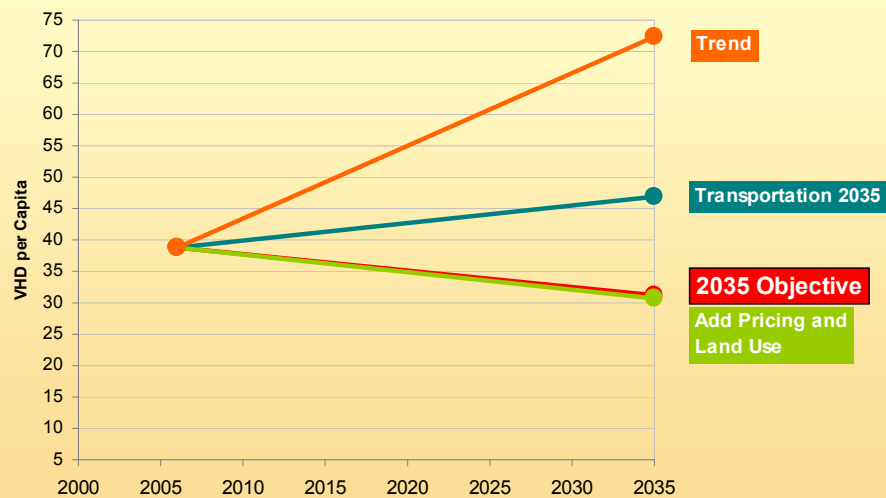
Reduce VMT per person 10% below today's levels



11

Assessing the Difference

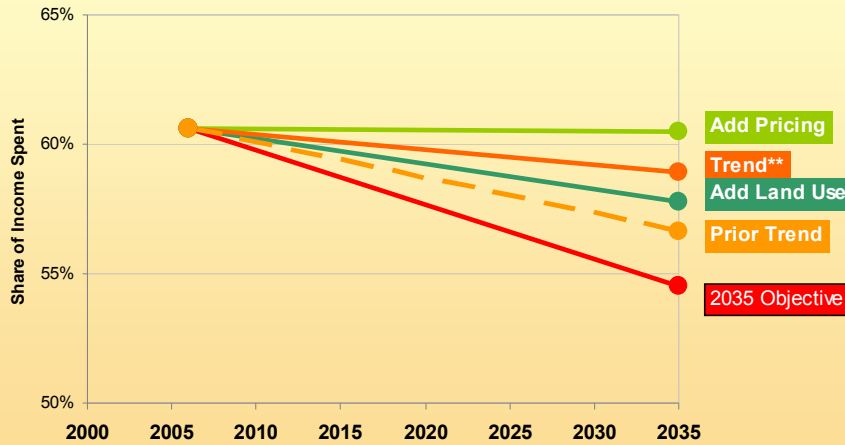
Reduce congestion 20% below today's levels



12

Assessing the Difference

Reduce by 10% the share of income spent by lower- and moderate-low-income households on transportation and housing combined*



* Includes households with annual income less than \$70,000

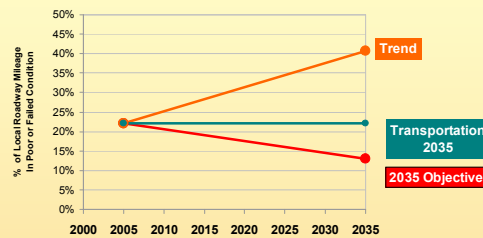
** Reflects updated gas prices

13

Assessing the Difference

Local Streets and Roads Maintenance

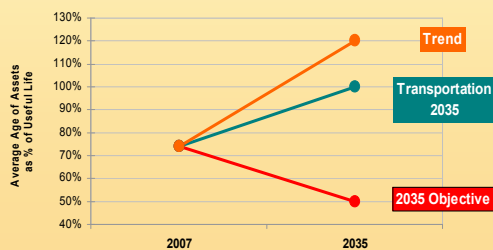
Decrease mileage in poor condition to no more than 13%*



* This is equivalent to the adopted objective to increase the average pavement condition index to 76

Transit Maintenance

Decrease average age of all assets to 50% of useful life



14

What Did We Learn?

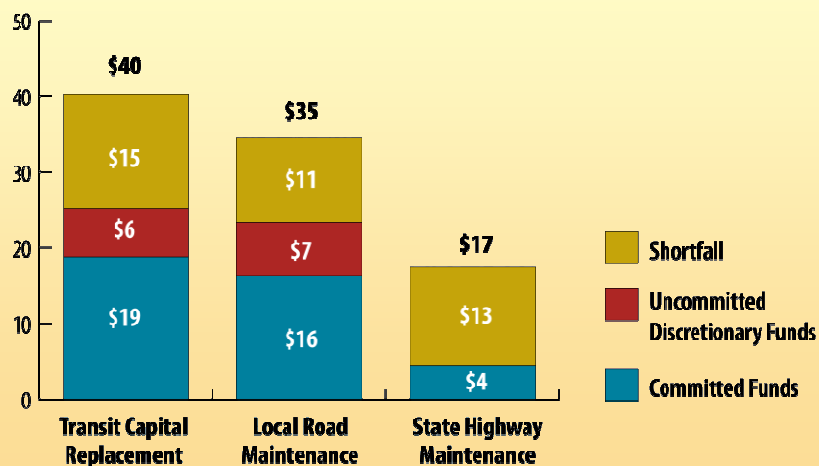
- Infrastructure projects alone are not nearly enough
- Road pricing has a much bigger effect in the short-term
- Focused growth helps us reach targets in the longer term
- Technology innovations gets us even closer to closing the gap
- Shifts in individual behavior ultimately drive change



15

Building Our Momentum:

Maintenance Needs, Funding, Shortfalls
(In billions of escalated dollars)



16

Building Our Momentum:

#1 Fix it, Finally?

- How can we eliminate the \$40 billion funding shortfall that keeps our roads, transit systems and highways from being first rate?

Potential Strategies

- Seek rehabilitation funds in any infrastructure economic stimulus package
- Consider “Pennies for Potholes” regional gas fee
- Protect “spill over” funds for transit from raids by folding it into Prop. 42



17

#1 Fix it First, Finally?

Key Messages Heard

(Joint Stakeholders and Advisor Committee Input)

- Regional self-help may be better strategy rather than relying on Sacramento
 - Maybe it's time to consider a regional gas fee
 - Take active role to lower the 2/3rds voter threshold for approving transportation sales tax measures
- Consider putting the onus back on localities to fund local roads; use regional funds for roadways with regional impacts
- Consider user-based fees:
 - Toll roads to fund our transportation system
 - Give the region authority to raise bridge tolls
- Consider new revenue strategies
 - Transit assessment districts
 - Regional fees for every parking space provided by businesses
 - Consider port fees to subsidize transportation

18

#1 Fix it First, Finally?

Key Messages Heard

- Prop. 42 has a big target on it -- Sacramento will continue to raid it to fill holes in the General Fund
 - The LS&R Committee is open to working with transit agencies to evaluate the benefits of seeking a legislative fix to the spillover issue by folding it in to Prop 42.
 - Expect resistance from groups like the League of California Cities & State Association of Counties to changing Prop 42 splits or doing away with spillover
- Yes, we need "Pennies for Potholes" but it is difficult to get politicians to sponsor this in the current environment
- Get communities involved in advocacy efforts to increase revenue for transportation

19

Building Our Momentum:

#2 Transit Performance Initiative

- Should major transit operators undertake a transit efficiency study and implement recommendations to increase ridership, service productivity and cost efficiency?
 - SFMTA's *Transit Efficiency Study* slated for adoption fall of 2008
 - VTA's comprehensive redesign of its bus network (2008) focused on serving transit dependent riders



20

#2 Transit Performance Initiative

Key Messages Heard

- The region has to decide: efficiency or social services?
Maintaining efficiency and expanding service can sometimes be at odds
- When there's talk of transit efficiency, it often means cutting services and quality of life for seniors, disabled and low-income riders
- Transit service is an effective tool to combat climate change; we may need to accept that there will be some level of inefficiencies
- MTC should lead the charge on conducting a transit effectiveness study - the study should consider consolidation and the potential for private contracting

21

#2 Transit Performance Initiative

Key Messages Heard

- Consolidation does not necessarily mean lower costs.
Administrative costs for large operators are higher than for smaller ones
- MTC should get serious about instituting performance standards for all transit operators
 - The standards need not be identical across agencies
 - Give transit operators planning funds
- The single most effective tool for local public works agencies is a pavement management program. Transit operators need technological tools to track performance
- Studies are helpful, but the bottom line is transit needs more funding

22

Building Our Momentum:

#3 Green Commute/ Green Parking Pilot

- Should the region develop a “Green Commute/Green Parking” Pilot for employers and multi-family residential developers?
 - San Francisco’s *Commuter Benefit Ordinance*, and MTC’s “*TransLink for T.O.D.*” are potential models.



23

#3: Green Commute/Green Parking Pilot **Key Messages Heard**

- Yes, implement green commute/parking strategies; differing views about how much of a carrot, how much of a stick to use
- Parking restrictions must be done on a regional scale or else residential and commercial properties with no restrictions will be more attractive to developers and buyers
- Implement pilot programs tailored to both urban and suburban areas
- A toolkit of options for localities is best because different jurisdictions have different ways to deal with parking
- Green commute/green parking has been around a long time -- look to models in San Jose and Berkeley

24

Building Our Momentum:

#4 Zero Emission Municipal Fleet

- Should the Bay Area's local governments lead the way by moving to green vehicle fleets to zero-out greenhouse gas emissions?
 - Some 25,000 vehicles currently in region's municipal fleet (unknown number of zero-emission vehicles)
 - What percentage of the fleet should we seek to convert?



25

#4: Zero Emissions Municipal Fleets **Key Messages Heard**

- Given that technology isn't quite there yet for the general public, a good start is to focus on municipal fleets
- Municipalities should consider use of car-sharing organizations as viable options to reduce their fleet size
- Focus not just on passenger cars, but also other vehicles, such as dump trucks, garbage trucks, etc.
- Need a big regional push to make this happen

26

Building Our Momentum:

#5 Shape New Federal Transportation Bill

- How can our region influence the debate on new federal surface transportation policies and funding to further Transportation 2035 goals?

- *"To meet 21st Century transportation needs, it is necessary for Congress to establish a new Federal Compact with the American People."*
— National Surface Transportation Policy and Revenue Study Commission



27

#5: Shape New Federal Transportation Bill **Key Messages Heard**

- Go for a robust federal surface transportation program
 - Anticipate potential new categories
 - Start planning for them
- This is a leadership opportunity for the Bay Area to define priority areas for our region (e.g., trade corridors, climate protection, Regional HOT Network) and fit them with the federal categories
- Develop an advocacy platform we can all support; the region is most effective when it speaks in one voice
 - Involve the community
 - Build public-private coalitions
 - MTC should take advantage of its citizen advisors

28

Next Steps: “Building Momentum”

- Develop a “Building Momentum” strategy that reflects the input from the Partnership, stakeholders, and Commission – Nov. 2008
- Continue ongoing dialogue – Nov. 2008 – Jan. 2009
- Include preferred strategy in Transportation 2035 Plan — March 2009